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SENSITIVE  
SIPDIS

STATE FOR FOR EEB/TPP/MTA - CHEVER VOLTMER, EEB/TPP/ABT -  
GARY A. CLEMENTS AND EEB/TPP - MIKAEL LURIE, AND FOR EAP/ANP

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SUBJECT: AUSTRALIAN RESPONSE ON GLOBAL FOOD SECURITY AND  
TRADE

REF: STATE 52628

1. (U) Post shared reftel demarche with Paul Morris,  
Executive Manager, Technical Market Access at Australia's  
Department of Agriculture, Fisheries and Forestry. In  
response, Morris provided the following paper laying out the  
GOA,s views.

2. (SBU) DAFF Comments on US Food Cable

The Australian Government believes that we must act  
responsibly on higher world food prices with practical  
measures which provide relief to those most affected,  
increase investment and productivity in the agricultural  
sector and remove distortions from world agricultural markets.

The minister for Foreign Affairs, Stephen Smith, announced on  
01 May 2008 that the Government will provide A\$30 million  
(embassy note: US\$29 million) in emergency assistance to  
countries affected by steep rises in the prices of essential  
food supplies. This contribution is in response to the  
emergency appeal of the United Nations World Food Programme.

-- The Government has also lifted engagement in international  
efforts to address the causes of food insecurity of  
developing countries by increasing development assistance.

Comprehensive and far-reaching reform to global agricultural  
markets is needed to encourage improved agricultural  
productivity in the most efficient and cheapest producers of  
the world,s staple commodities - this will allow important  
rice exporters like Thailand to undertake the structural  
adjustment and investment needed to expand capacity more  
quickly and respond to higher global demand.

We must conclude the Doha Round as soon as practical in order  
to lock-in cuts to farm subsidies and agricultural tariff  
barriers - this will be an important step in stabilizing  
global commodity markets.

-- Agree that the current peak in the commodity price cycle  
provides an ideal political climate to commit to substantial  
agricultural reform.

-- Note Australia has been working closely with the US on the  
crucial market access pillar in the agricultural negotiations  
and look forward to continuing this cooperation following the  
release of the revised agricultural negotiating text on 19  
May 2008.

Agree with the US that short-term policy measures that have  
been adopted by some developing countries in an attempt to  
stabilize internal prices (such as export restrictions) can

exacerbate the prices pressures and stymie the market signals telling farmers to increase production.

-- Of course, it is difficult to advocate to developing countries against the use of these border measures when systemic distortions in agricultural markets are maintained by many developed countries - these distortions have profound affects on the productivity of farmers in developing countries.

-- Note Japan's recent proposal in the Doha Round seeking to impose tight disciplines on export restrictions - reflecting Japan's concerns about food security and maintaining access to reliable supplies of staple foods on world markets.

Australia sees biotech agricultural products, such as GM crops, as one piece in the puzzle in addressing the current world food crisis and adaptation to changing climate. Australia is helping strengthen food security, particularly in developing countries through increased development assistance drawing on our expertise in agriculture, including semi-arid agriculture, constructive participation in multilateral processes and continued advocacy for international trade policy reform.

-- Australia agrees that regulatory decisions relating to trade in GM crops should be science-based and consistent with WTO obligations.

End DAFF paper.

MCCALLUM